



STRATHMORE INSTITUTE
DIPLOMA IN BUSINESS MANAGEMENT
END OF SEMESTER EXAMINATION
DBM 1203: ENTREPRENEURSHIP SKILLS

DATE: Monday, April 17th 2023

Time: 2 Hours

Instructions

1. This examination consists of **FIVE** questions.
2. Answer **Question ONE (COMPULSORY)** and any other **TWO** questions.
3. Do **Not Write** on the **Question Paper**.

QUESTION ONE (30 Marks)

Eli and Beth founded the *Unlocked Poetry Club*, in June 2020 as a way for people to share and listen to poetry and spoken word. Currently the club has over one hundred active members and Beth and Eli were struggling to meet the demands of the members, some who wanted to listen to a poem again, purchase a poem in print or even print their written work.

Beth has an idea, that they can turn their club into a publishing business that operates as a social enterprise.

Eli suggests they set up a platform that will on one side allow those who want to publish books, poems, or stories, to do so, and on the other side, those looking to purchase books or even single poems/stories to do so.

Beth loves the idea and thinks that *Unlocked Poetry* can partner with different bookshops to sell the published work. She even thinks the school library might be interested in showcasing written work by its members. Eli plans to create a platform that allows those looking to publish to easily

upload and publish their work without needing help. The platform will have a shop section where orders can be placed. The two are excited about the potential of their idea and yet fear it might not be feasible. Beth is especially concerned about how they will market their club outside of the University setting.

- a) Discuss four aspects of feasibility the two should consider as they evaluate their idea (**4 Marks**)
- b) Explain one type of pivot Beth and Eli might take should their business model need to be changed. (**2 Marks**)
- c) Define the term “Social Enterprise” (**1 Mark**)
- d) Explain the four elements of social entrepreneurship (**8 Marks**)
- e) Explain four unique marketing challenges Eli and Beth might face as they start out (**4 Marks**)
- f) Explain brand building and why it is important for a business such as Unlocked Poetry (**3 Marks**)
- g) Identify and explain the importance of the four sources of information that Eli and Beth should look at when it comes to pricing their services (**8 Marks**)

QUESTION TWO (15 Marks)

Joan has just graduated with a diploma in Entrepreneurship. She has decided to start a new venture that supplies emergency roadside kits to private vehicles. Joan is not sure whether to register a company or to operate a sole proprietor.

- a) Identify the four factors that Joan should consider in choosing a legal form (**4 Marks**)
- b) Identify four ways in which Joan can segments her market (**4 Marks**)
- c) Explain why segmenting the market might be important (**1 Mark**)
- d) If Joan decides to conduct a survey for her market research, explain the three types of biases she may engage in. (**6 Marks**)

QUESTION THREE (15 Marks)

Aisha is the founder of “Fresh” an organization reducing food waste through a combination of traditional and modern food preservation methods. She started her venture three years ago after completing her diploma in business management. Aisha’s business has been ranked as one of the top ten fastest growing businesses in East Africa. She is considering expanding her business to West Africa

- a) Describe in order the steps she needs to take to conduct market research **(5 Marks)**
- b) Discuss the three generic strategies proposed by Michael Porter that Aisha can use as she enters the new market **(6 Marks)**
- c) Explain the two introductory stage pricing strategies Aisha can use as she enters the new market **(4 Marks)**

QUESTION FOUR (15 Marks)

- a) Define the term “Corporate Entrepreneurship” **(1 Mark)**
- b) Identify two factors forcing corporations to rethink how they operate and engage in entrepreneurship **(2 Marks)**
- c) Explain the three ways in which corporates engage in the entrepreneurship process **(6 marks)**
- d) Safaricom is looking to innovate internally. Discuss three things that it can do to facilitate corporate entrepreneurial behaviour **(6 Marks)**

QUESTION FIVE (15 Marks)

An estimated 80-95% of businesses in Kenya are classified as family business. Studies show that only 12% of family businesses survive undercurrent ownership past the third generation.

- a) Stating one advantage and one disadvantage, suggest the ideal legal form founders of family business should register when they consider business continuity **(3 Marks)**
- b) Provide three advantages and three disadvantages of family businesses **(6 Marks)**
- c) Identify four barriers to succession planning **(4 Marks)**
- d) Define the term “forcing events” and provide an example of such an event **(2 Mark)**